

sweet notes of the mocking bird, and together blend in the gentle and sublime minstrelsy of peace, happiness and prosperity. There shall be no end to the work that lies out before us. One achievement shall lead to another a little above it, and the endless stairway of progress shall reach on from generation to generation.

Science is in its infancy, learning is possessed of perpetual youth, and the miracles of invention are sleeping all around us, waiting to be touched to life by the hand of genius. The field is yet new, the world is young and unsubdued, and the great commission is yet unperformed. Edison, Tesla and Marconi have but preached in the wilderness of science, and I am persuaded to believe that one greater than they shall yet arise in the fullness of time, and whose deft brain shall call to life myriads of sleeping energies within the confines of Texas to bless the hopes and brighten the pathway of those who shall in distant times and under other skies shall strike for freedom.

It is a singular and dissatisfying circumstance that free governments have never endured for long among the children of men. They have each and all of them, except this Republic, sooner or later disappeared before the ambition of those entrusted with power, or through the apathy or indifference of the people who composed them.

This Union of States, with their glorious history, may in the end disintegrate, as has been the lot of great republics in the past. We devoutly pray that it may not be so, and that it will endure forever, to bless the human race, but if, in the providence of God, dissension and utter ruin shall overtake our National Government, Texas, at least, should remain true to the traditions our fathers left us.

Let us keep fresh in the minds of our children the sacrifices and heroisms of the mighty men who founded our State, and as often as this anniversary shall recur let us observe it with joy and thanksgiving. Let the Declaration of Independence be read in the home and in the school; and the Constitution which followed it be regarded as a chart of indispensable liberty. Then if some evil fortune shall ever dissolve the Union, let Texas, one and indivisible, from the mountains to the sea, and in all her vast circumference, remain a place of

refuge from tyranny to our offspring, forever, and forevermore.

Hon. Olan R. Van Zandt presented Hon. James V. Allrett, Governor of Texas, who addressed the Joint Session and introduced Hon. Pat M. Neff, President of Baylor University, Waco.

Mr. Neff addressed the Joint Session and the assemblage.

(On motion of Mr. Fain, the addresses of the speakers on this occasion were ordered printed in the Journal.)

[Note.—The copy of address by Hon. Pat M. Neff was not available.]

SENATE RETIRES

At the conclusion of the ceremony, the Senate retired to its Chamber.

ADJOURNMENT

On motion of Mr. Wood of Harrison, the House, at 12 o'clock m., adjourned until 10 o'clock a. m., next Monday, March 4.

THIRTY-THIRD DAY

(Monday, March 4, 1935)

The House met at 10 o'clock a. m., pursuant to adjournment, and was called to order by Speaker Stevenson.

The roll was called, and the following members were present:

Mr. Speaker	Craddock
Adamson	Crossley
Adkins	Daniel
Aikin	Davis
Alexander	Davisson
Alsup	of Eastland
Ash	Dickison
Atchison	Dunagan
Bergman	Dunlap of Hays
Bourne	Dunlap of Kleberg
Bradbury	Duvall
Bradford	Dwyer
Broyles	England
Burton	Fain
Butler of Karnes	Farmer
Cagle	Fisher
Caldwell	Fitzwater
Calvert	Ford
Celaya	Fox
Clayton	Frazer
Collins	Fuchs
Colquitt	Gibson
Colson	Glass
Cooper	Good
Cowley	Graves

Gray	Morrison
Greathouse	Morse
Hankamer	Newton
Hardin	Nicholson
Harris of Archer	Olsen
Harris of Dallas	Padgett
Hartzog	Palmer
Head	Patterson
Herzik	Payne
Hil	Petsch
Hodges	Pope
Hofheinz	Reader
Holland	Reed of Bowie
Hoskins	Reed of Dallas
Howard	Riddle
Huddleston	Roach of Angelina
Hunt	Roach of Hunt
Hunter	Roane
Hyder	Roark
Jackson	Roberts
James	Rogers
Jefferson	Russell
Jones of Falls	Rutta
Jones of Runnels	Scarborough
Jones of Shelby	Settle
Jones of Wise	Shofner
King	Smith
Lange	Spears
Lanning	Stanfield
Latham	Steward
Leath	Stinson
Lemens	Stovall
Leonard	Tarwater
Lindsey	Tennyson
Lotief	Thornton
Lucas	Tillery
Luker	Venable
Mauritz	Waggoner
McCalla	Walker
McConnell	Wells
McFarland	Westfall
McKee	Wood of Harrison
McKinney	Wood of Montague
Moffett	Young
Moore	Youngblood
Morris	

Absent—Excused

Beck	Keefe
Butler of Brazos	Knetsch
Canon	Quinn
Davison of Fisher	Worley
Jones of Atascosa	

A quorum was announced present.

The Chaplain, Rev. Geo. W. Coltrin, offered the following invocation:

"Lord, we thank Thee for every blessing of life, for the clouds as well as for the sunshine. As responsibilities roll upon us increasingly, of Thine unwasted fulness of power and wisdom sustain and guide us. For Christ's sake. Amen."

LEAVES OF ABSENCE GRANTED

The following members were granted leaves of absence on account of important business:

Mr. Jones of Atascosa for today, on motion of Mr. Davis.

Mr. Butler of Brazos for today, on motion of Mr. Walker.

Mr. Quinn for today, on motion of Mr. Olsen.

Mr. Beck for today, on motion of Mr. Morrison.

Mr. Davison of Fisher for today, on motion of Mr. Settle.

The following members were granted leaves of absence on account of illness:

Mr. Worley for today and the balance of the week, on motion of Mr. Fain.

Mr. Keefe for today and the balance of the week, on motion of Mr. Fain.

Mr. Knetsch for today, on motion of Mr. McKee.

Mr. Canon for today, on motion of Mr. Aikin.

Mr. McKinney for today on account of illness in his family, on motion of Mr. Fisher.

HOUSE BILLS ON FIRST READING

The following House bills, introduced today, were laid before the House, read severally first time, and referred to the appropriate committees, as follows:

By Mr. Wood of Harrison:

H. B. No. 712, A bill to be entitled "An Act declaring two-year closed season on wild fox in certain counties; providing for the enforcement of this Act, and declaring an emergency."

Referred to Committee on Game and Fisheries.

By Mr. King, Mr. McKinney, and Mr. Calvert:

H. B. No. 713, A bill to be entitled "An Act amending Section 3 of Article 1108, Chapter 10, Title 28, Revised Civil Statutes of Texas, 1925, and declaring an emergency."

Referred to Committee on Municipal and Private Corporations.

By Mr. Jefferson:

H. B. No. 714, A bill to be entitled "An Act authorizing the Commissioner of the General Land Office of the

State of Texas to execute a quit claim deed of such rights or titles as the State of Texas may have in and to certain missions located in Bexar County, Texas, to the Government of the United States of America upon condition that they be used as National Monuments, and that such Federal Government shall accept same within two years from the date of such quit claim, otherwise the property shall revert to the State of Texas, and declaring an emergency."

Referred to Committee on Public Lands and Buildings.

By Mr. Howard, Mr. Morse, Mr. Holland, Mr. McCalla, and Hofheinz.

H. B. No. 715, A bill to be entitled "An Act to amend Chapter 207 of the Acts of the Forty-first Legislature, otherwise known as Article 3899b (which authorizes the commissioners courts to pay from county funds various expenses of certain officers), by adding thereto a section to be known as Section 3 of said Act, providing that in all counties having a population in excess of three hundred and fifty-five thousand (355,000) inhabitants, according to the preceding or any future Federal Census, the district attorney or criminal district attorney may be allowed, by order of the commissioners court of his county, such amount as said court may deem necessary to pay for, or aid in, the proper administration of the duties of such office, not to exceed twenty-five hundred dollars (\$2,500) in any one calendar year, etc., and declaring an emergency."

Referred to Committee on Counties.

By Mr. Cagle:

H. B. No. 716, A bill to be entitled "An Act creating Article 2875a, so as to authorize the State Superintendent to designate one textbook depository in each county, and to employ and fix the salary of a county book custodian; providing bond for such custodian; fixing the manner in which book requisitions and reports shall be made; repealing all laws and parts of laws in conflict herewith, and declaring an emergency."

Referred to Committee on Education.

By Mr. Head:

H. B. No. 717, A bill to be entitled "An Act amending Subdivision 3 of

Article 1995 of the Revised Civil Statutes of the State of Texas for 1925 so as to clarify the meaning thereof and make it applicable only when all the defendants are non-residents of the State, and declaring an emergency."

Referred to Committee on Judiciary.

By Mr. Head:

H. B. No. 718, A bill to be entitled "An Act amending Article 3780 of the Revised Civil Statutes of 1925, so as to permit issuance of execution under certain circumstances to any county in the State, and declaring an emergency."

Referred to Committee on Judiciary.

By Mr. Head:

H. B. No. 719, A bill to be entitled "An Act amending Article 3726 of the Revised Civil Statutes of Texas, 1925, so as to require notice within twenty days of intention to assert the defense of forgery to a recorded instrument, and declaring an emergency."

Referred to Committee on Judiciary.

By Mr. Daniel:

H. B. No. 720, A bill to be entitled "An Act ratifying the Interstate Compact made by the Governor of Texas with the Governors and their representatives of other oil-producing States at Dallas, Texas, on February 16, 1935; providing that same shall be effective in accordance with the terms thereof; providing for a representative to the Interstate Oil Compact Commission; providing for withdrawal by the State from such compact, making an appropriation, and declaring an emergency."

Referred to Committee on Oil, Gas, and Mining.

BILLS AND RESOLUTIONS SIGNED BY THE SPEAKER

The Speaker signed, in the presence of the House, after giving due notice thereof and their captions had been read severally, the following enrolled bills and resolutions:

H. C. R. No. 45, Providing for a Joint Session of the House and Senate to hear address by Hon. James V. Allred, Governor.

H. C. R. No. 44, Changing the time of holding a Joint Session of House and Senate, March 2, 1935.

H. C. R. No. 42, Providing for a Joint Session of the House and Senate to celebrate Texas Independence Day.

H. B. No. 135, "An Act to amend Section 1 of an Act passed by the Forty-third Legislature of the State of Texas, and being Senate Bill No. 561, Chapter 160, and published at length in the General Laws, Regular Session of the Forty-third Legislature, at pages 406 to 407, etc., and declaring an emergency."

H. B. No. 403, "An Act amending Sections 10 and 11 of the Acts of 1931, Forty-second Legislature, First Called Session, pages 52 and 53, Chapter 26, relating to injunctions and/or restraining orders to be issued against the Railroad Commission of Texas; repealing all laws or parts of laws in conflict, and declaring an emergency."

RELATIVE TO HOUSE BILL NO. 257

Mr. Padgett asked unanimous consent of the House, that the House Rule relative to suspension request of members be suspended, and that House Bill No. 433, which has heretofore been read second time, be withdrawn from consideration by the House, and that House Bill No. 257 be substituted in lieu thereof.

There was no objection offered, and it was so ordered.

EXTENDING SYMPATHY OF THE HOUSE TO HON. EDGAR S. KEEFE

Mr. Fain offered the following resolution:

Whereas, The Hon. Edgar S. Keefe, an able, valued, and highly esteemed member of this House, is critically ill at the Seton Infirmary; now, therefore, be it

Resolved by the House, that it express to Mr. Keefe its sincere sympathy because of his illness and the hope that he may speedily recover and return to his place on the floor of this House; and be it further

Resolved, That the Chief Clerk of

the House be instructed to send a copy of this resolution, together with suitable flowers, to Mr. Keefe.

Signed — Fain, Lucas, Roberts, Glass, Ford, Crossley, Thornton, Jones of Wise, Daniel, Reed of Dallas, Roark; Stevenson, Speaker; Adamson, Adkins, Aikin, Alexander, Alsup, Ash, Atchison, Beck, Bergman, Bourne, Bradbury, Bradford, Broyles, Burton, Butler of Brazos, Butler of Karnes, Cagle, Caldwell, Calvert, Canon, Celaya, Clayton, Collins, Colquitt, Colson, Cooper, Cowley, Craddock, Davis, Davison of Fisher, Davison of Eastland, Dickison, Dunagan, Dunlap of Hays, Dunlap of Kleberg, Duvall, Dwyer, England, Farmer, Fisher, Fitzwater, Fox, Frazer, Fuchs, Gibson, Good, Graves, Gray, Greathouse, Hankamer, Hardin, Harris of Archer, Harris of Dallas, Hartzog, Head, Herzik, Hill, Hodges, Hofheinz, Holland, Hoskins, Howard, Huddleston, Hunt, Hunter, Hyder, Jackson, James, Jefferson, Jones of Atascosa, Jones of Falls, Jones of Runnels, Jones of Shelby, King, Knetsch, Lange, Lanning, Latham, Leath, Lemens, Leonard, Lindsey, Lotief, Luker, Mauritz, McCalla, McConnell, McFarland, McKee, McKinney, Moffett, Moore, Morris, Morrison, Morse, Newton, Nicholson, Olsen, Padgett, Palmer, Patterson, Payne, Petsch, Pope, Quinn, Reader, Reed of Bowie, Riddle, Roach of Angelina, Roach of Hunt, Roane, Rogers, Russell, Rutta, Scarborough, Settle, Shofner, Smith, Spears, Stanfield, Steward, Stinson, Stovall, Tarwater, Tennyson, Tillery, Venable, Waggoner, Walker, Wells, Westfall, Wood of Harrison, Wood of Montague, Worley, Young, Youngblood.

The resolution was read second time.

On motion of Mr. Lucas, the names of all the members of the House were added to the resolution as signers thereof.

The resolution was unanimously adopted.

ADDRESS BY HON. JAMES V. ALLRED, GOVERNOR

(In Joint Session)

In accordance with the provisions of House Concurrent Resolution No. 45, providing for a Joint Session of the House and Senate at 10:30 o'clock

a. m. today, for the purpose of hearing an address by Hon. James V. Allred, Governor, the Honorable Senators, escorted by Hon. Bob Barker, Secretary of the Senate, were announced at the bar of the House, and, being admitted, were escorted to seats prepared for them.

Lieutenant Governor Walter F. Woodul occupied a seat on the Speaker's stand.

Hon. James V. Allred was escorted to a seat on the Speaker's stand.

Speaker Stevenson called the House of Representatives to order, and stated that the two Houses were in Joint Session for the purpose of hearing an address by Hon. James V. Allred, Governor.

Lieutenant Governor Walter F. Woodul called the Senate to order.

Speaker Stevenson presented Hon. James V. Allred, who addressed the Joint Session, as follows:

Austin, Texas, February 25, 1935.

To the Forty-fourth Legislature:

No higher duty can be imposed upon those chosen for actual participation in State Government than the responsibility of promulgating a sound financial policy which will secure adequate revenue for the efficient conduct of the government, and which, at the same time, will not impose an unfair burden upon any class of citizens. This task is now more difficult because we inherit groups of taxes that have accumulated since the formation of our present Constitution without any thought as to how they might logically fit into an intelligent plan.

We have inherited an ad valorem tax system which goes back to a time in Texas history when 95% of the people were engaged in agricultural pursuits; and when, therefore, land ownership was practically the sole source of wealth. We have since progressed to a point of social and economic complexity when almost half the people busy themselves with urban occupation. This antiquated ad valorem system no longer justifies itself as the primary basis for taxation. Indeed, it no longer affords sufficient revenue for the conduct of the government.

Within the past few years both State and Federal Governments have been called upon to conform an ever-

increasing number of duties once thought to lie exclusively within the realm of private charities or local communities. More and more, people in every walk of life and every character of business are demanding additional protection and security at the hands of government. This increasing demand has necessarily increased the necessity for revenue. We inherit that problem along with an antiquated tax structure.

In determining how revenue should be raised for support of the State Government, we must proceed along one of two theories; either adequate revenue must be raised to pay the deficit and meet current operations of the State without serious thought to the source of collection; or a system of taxation should be worked out that will be fair to those called upon to discharge the State's economic responsibilities. Personally, I cannot subscribe to a tax plan which, although it guarantees revenue, at the same time offers patent inequities or unfairness. I believe the Governor and the Legislature should first consider how the tax revenues of the State are to be raised rather than how much we are going to raise.

Deficit

The State Auditor has reported that the accrued deficit inherited by this administration as of August 31, 1934, was \$6,998,178.07. The same official has estimated that the deficit in the General Revenue Fund as of August 31, 1935, will be \$9,443,822.89. There will be also a deficit of \$5,181,783.83 in the Confederate Pension Fund. In addition to this inherited liability, we must remember that in the past two years the State has spent more than \$16,000,000 out of the \$20,000,000 bond issue voted by the people for relief of the needy and unemployed.

Present relief demands necessitate an almost immediate expenditure of the remaining part of that \$20,000,000. A short time before February 1st the Federal Government gave notice of its intention to discontinue all direct relief. The State must bridge the gap between February 1st and that nebulous time in the future when either permanent work projects have been approved by the Federal Government for the State, or that more nebulous time when the unem-

employed will find again private employment.

In my judgment, it is not a sound business policy to try to liquidate the total obligations of the State and retire this deficit within a single year or even a biennium. Few concerns of any magnitude find it possible to liquidate a deficit within such a short period of time. Taxpayers should not be called upon to keep the State's assets liquid during this period of economic hardship. The deficit, however, is of such alarming proportions that we should at this time begin a constructive effort toward its ultimate retirement; and, in any event, it should not be permitted to increase.

It is apparent then that this Legislature finds a deficit of \$14,625,606.72, the current expenses of a government whose demands have necessarily increased, and the tremendous problem of relief, with practically all of the twenty-million-dollar-bond issue already spent by those who have preceded us.

Equalization of Tax Burdens

The owners of real estate, particularly farm and home owners, are borne down with tax loads too heavy to bear. They are entitled to relief; and as a part of our tax problem, this Legislature is charged with the duty, yet is given a golden opportunity, to devise a method whereby a portion of these burdens may be shifted on to the shoulders of those more able to pay.

In equalizing the tax burdens, you and I are going to tread on somebody's toes. We may as well frankly understand this at the outset. We are, however, confronted with a patriotic duty of necessity. The great masses of the people have got to have tax relief. If they are to get it, it must be at the hands of a Legislature and a Governor of conviction and courage. It would be easier, of course, for us to sidestep the issue by the Governor failing to make such tax recommendations or the Legislature failing to act. This would, however, but postpone the day of reckoning and none of us would have any genuine respect for ourselves.

One of the greatest difficulties in Texas government today is the fact that our State is an immense empire within itself with varied and conflicting interests. In many instances,

that which is for the welfare of one section of this great State is opposed to the best interests of another section. More and more political campaigns and administration of the government are becoming conflicts between powerful interests. Various groups keep well organized, well financed and intelligent, paid representatives at the scene of legislative battles to protect their interests. The great masses of the common people have no protection other than that which you and I afford them.

The levying or increase of taxes affecting any particular business or industry, or any class of citizenship, is bound to arouse antagonism. Indeed, the very suggestion in a message by the Governor or in a bill introduced by a member of the Legislature is sure to draw the fire of criticism and opposition. You and I must be prepared to face it.

Earnestly and sincerely I urge that all of us dedicate ourselves wholeheartedly to duty, remembering we are here to represent, not some particular industry or some geographic section of the State, but the best interests of Texas as a whole. We simply must make an intelligent approach to this, the greatest problem of government—equal and uniform taxation. It can only be done if we divest ourselves of selfishness, partisanship, bias or prejudice, and labor honestly, diligently and courageously.

In discussing and suggesting various tax levies in this message, I want you to bear in mind that my only desire is to be of assistance, if I can, in straightening out injustices under our present system; and in the hope that thereby we can give needed relief to the average man, the home owner, the farmer, the harried business man.

Graduated Chain Store Tax

In determining the type of revenue-raising measures which must be passed by this Legislature to secure revenue sufficient to carry on the government, and to insure State cooperation in the problem of relief, this Legislature should not be unmindful of the mandates expressed by the people of Texas in the Democratic elections last year. In that election I believe the people expressed themselves overwhelmingly in favor of a real chain store tax.

I commend it to your consideration. It is my belief that a chain store tax should embrace certain fundamentals. In the first place, it should be designed to include all of the principal chains in Texas without reference to whether they are engaged in the business of selling gasoline, lumber, food products, or other articles for retail distribution. In the second place, I believe it should be based upon the cardinal idea of ability to pay. Finally, I believe that the rates should be high enough to compel foreign chains to pay into the State Treasury sums adequate to discharge their proportionate share of the responsibilities of the State Government.

It is not my policy in submitting such a bill for your consideration to interfere unreasonably with the operation of the local chain store. Primarily the legislation should be designed to compel the foreign chain, now escaping taxation, to contribute its part toward the financial upkeep of the State.

Practically all of the big chains are foreign chains. Therefore, a graduated chain store tax, increasing according to the number of stores and the amount of gross revenues, will secure the desired end—that is, needed revenues and, at the same time, tend to equalize unfair competition between the great foreign chain stores, with their tremendous capital, and the little home-owned stores.

A bill prepared by the State Tax Commissioner will shortly be introduced. It is intended to embrace the fundamental necessities pointed out above. Briefly stated, it is a graduated chain store tax based and graduated upon the number of stores and the gross revenues.

I recommend the passage of a bill embodying substantially the principles of Senate Bill No. 188, placing a tax upon itinerant merchants and fly-by-night dealers who pay no taxes for the support of government.

It will afford a small source of revenue and, at the same time, tend to protect legitimate merchants in every town and community from this unfair competition.

Petroleum Tax

Texas now produces almost half of the crude petroleum output in the United States. This production represents not only a major industry in

the State, but the chief natural resource as well. The Oil and Gas Journal reflects that for the twelve months' period ending August 31, 1934, Texas produced 41.94% of the crude petroleum produced in the United States; Oklahoma produced 29.21% and California produced 19.65%. These three States produced 81.88% of the total crude petroleum produced in the United States.

The Bureau of Mines of the United States Department of Commerce shows that for the calendar year 1932 the gasoline yield per barrel of crude petroleum was 18.77 gallons. Other sources of information reflect the yield to range from 15.12 gallons to 22.01 gallons per barrel for the year 1933.

During the fiscal year ending August 31, 1934, the Comptroller of Public Accounts reports a production tax paid to the State Government on 364,721,615 barrels of crude oil. Assuming that only 15 gallons of gasoline could be produced from a barrel of crude oil, and employing the barrelage shown by the Comptroller, the crude petroleum produced in Texas yielded 5,470,824,225 gallons of gasoline. On a 16 gallon yield per barrel of crude oil, Texas produced a total of 5,835,545,840 gallons of gasoline.

The report of the Comptroller further shows that the gasoline tax in Texas yielded \$33,879,648 for the fiscal year ending August 31, 1934. This figure represents the tax on the total gasoline consumed in the State, as the law provides that the tax to be paid on all gasoline at the time of the sale. Since the State gasoline tax is four cents per gallon, the total amount collected represents a tax paid on 846,991,218 gallons of gasoline consumed in Texas. Since it may be assumed that the consumption of other petroleum products is in the same ratio as gasoline, then approximately 15 per cent of all other products from petroleum are consumed within the State. Using therefore a gasoline yield of fifteen gallons of gasoline per barrel of crude oil, the citizens of Texas consumed only 15.48 per cent of the crude petroleum produced by the State of Texas. If the gasoline yield be sixteen gallons, then Texas consumed only 14.51 per cent of the total crude oil production.

In other words, approximately 85 per cent of the crude oil of Texas is

consumed beyond the boundaries of the State. Our citizens pay a gasoline tax of four cents per gallon on every sale within the State; yet purchasers of gasoline in other States and in other countries secure the same gasoline without paying any tax at all to Texas where these irreplaceable natural resources are found.

I recommend that this Legislature make a careful investigation into the present tax on crude oil with the view of equalizing the tax burdens borne by various natural resources of Texas. In levying a tax against crude, I believe this Legislature should consider the fact that it is subject to depletion and that eventually it will be taken forever from Texas soil. They should consider further the fact that the oil industry is a money-making industry even in the midst of these dark days of economic depression. The Legislature should consider the fact that about 85 per cent of oil produced in Texas is used outside Texas borders.

We all know it is impossible to shift a severance tax on oil 100 per cent to the consumers of Texas oil in other States, but it can be shifted to a great extent, and this fact should have the consideration of the Legislature. I believe that oil, sulphur and all other natural resources should bear a relatively high part of the State's financial upkeep and that the tax on any particular natural resource should be equalized from a comparative standpoint with the tax levied on all other natural resources. It is impossible to undertake this problem of equalization without a sweeping and careful investigation, and I urge upon this Legislature such an investigation, detailed and careful enough that it will ascertain the facts.

The present tax on crude is 2 cents a barrel up to \$1 in value, and two per cent thereafter. Any increase in this tax should be determined by a proper consideration of the factors affecting the sale of petroleum products outside the State. By this I mean we should not so increase the tax as to place Texas petroleum at a disadvantage in competitive markets also supplied by foreign oil or oil from other States. If the increase is excessive or unreasonable, then independent Texas producers might be forced to absorb an additional burden in disposing of their products to major oil and pipe line companies.

These intergrated major organizations are already able to largely shift the burden of the petroleum tax to those outside the State.

If, in keeping with this recommendation, the Legislature sees fit to increase the tax on crude, it may enable us to effect reductions in the ad valorem rate. If your investigation indicates that all natural resources should have a general increase in production tax, then I urge that you take appropriate action. These reductions would, of course, accrue to the benefit of persons or corporations owning taxable property within the State, including even the producers of natural resources who would contribute to the increased natural resources tax.

If the Legislature should raise additional revenues from other sources, but not deem it advisable to reduce the ad valorem tax from the level of 77 cents, then I suggest that a portion of the revenues derived from any increased severance tax on oil should be placed in the Permanent Free School Fund of Texas. No doubt, a day will come when the natural resources of this State will have been drained from under the earth. When that day arrives a potential source of revenue will be exhausted, one which should largely be paid at the present time by people outside the State who benefit from our natural resources. We owe it to posterity to retain for them a portion of these great natural resources, which we by production deny to them as an inheritance.

Gas

Second most important of the natural resources of this State is natural gas. Located in the Texas Pan-handle field alone is the largest single natural gas deposit in the world. For more than 125 miles gas deposits, ranging from 15 to 35 miles in width, stand ready for development. At the present time this gas is largely blown into the air. While it is not possible to know the exact gas production in Texas, it has been estimated that last year there were produced more than seven hundred billion cubic feet. Of this, more than three hundred billion cubic feet were blown into the air and forever lost to the use of man.

The total tax paid the State on this tremendous production was the miserable sum of \$228,956, which

included the gasoline tax paid on casinghead gasoline made by stripping the natural gas. The present tax is two per cent of the average market value of gas produced and sold within this State.

I recommend a flat tax on natural gas of one cent per thousand cubic feet. This should be a severance tax levied and collected from the lessee or purchaser of natural gas.

At present there are many outstanding contracts in the Texas Panhandle secured by major gas producing companies when the Panhandle field was undeveloped and when, therefore, the contract price was extremely low. The average value, therefore, is merely nominal in most instances; and two per cent of that average value, as the preceding figures reflect, produces comparatively no revenue at all to the State.

Perhaps the most lamentable feature, aside from the waste of our natural resources discussed in a recent message to the Legislature, is the fact that a large part of remaining gas is transported by pipe lines to other States and distant cities—tax free so far as Texas is concerned. We should not permit these great natural resources to be drained from under Texas soil and sold outside its borders without receiving some compensation, representing at least a minute part of the value of the product.

Statistics are not available to reflect the amount of the gas used in Texas. Suffice to say, the great majority of Texas gas is used outside our borders, and, therefore, a severance tax assessed against the lessee will largely reflect a payment into the State Treasury by those using natural gas in other States.

Under present production we would realize about \$7,500,000 annually from a tax of one cent per thousand cubic feet. If such a levy is made, and this waste is prevented, production will likely fall; but, in my judgment, a one-cent tax would still produce in excess of \$4,000,000 annually. Of this amount, less than one-sixth will be paid by the citizens of Texas, and approximately five-sixth by those residing outside the State.

Sulphur and Other Natural Resources Taxes

In this connection, I also recommend an increased tax on all other

natural resources of the State, with particular emphasis on the sulphur trust. Texas produces such an overwhelming part of the world's supply of sulphur that two companies have a virtual monopoly in its production. We may ultimately expect these sulphur domes to become exhausted, and it is just as wrong to permit the exploitation of our sulphur deposits without substantial contribution not only to carry on the government, but for the education of our children as well, as it is to stand idly by and see our natural gas either blown into the air or transported to other States.

There is no doubt that the large sulphur companies operating in Texas have paid themselves out many times over. Their profits have been stupendous. There is likewise no doubt that in the past they have not contributed anything like their fair share to the support of either State or local government.

Several bills are now pending before you proposing to increase the tax on sulphur. In my opinion, the increase should not be nominal, but substantial.

Tax on Pipe Lines

In discussing with this Legislature last week the causes of the shameful waste of natural gas in the Panhandle field, I pointed out the shocking evil in our corporate existence of giant integrated concerns engaged in the production, transportation and sale of natural gas. This same evil is perhaps more pronounced in the oil business. It has become a matter of common knowledge that the average independent producer, refiner or marketer is waging a one-sided and losing battle against giant integrated concerns authorized by law to produce, refine, transport and market oil and petroleum products. What fair chance does the independent producer of oil have when he must pay a tremendous tariff to transport his oil through the lines of his giant competitors?

This unfair competitive condition was recognized by the entire industry and by the government in the promulgation of the petroleum code adopted under the National Recovery Act. It was provided in this code that each branch of the industry—that is, the producing, the refining, the marketing and the pipe line de-

partment—should stand on its own bottom and operate at a profit in that particular department. This was necessary because undeniably most of the major companies doing business in this State carried on the marketing, refining and, oftentimes, producing ends of their business at a loss, only to more than make up for this loss in unconscionable profits derived from their pipe lines. Shocking figures showing the staggering profits made by these companies are on file with the Railroad Commission of Texas.

In 1934, while operating at a loss in the refining and marketing ends of the business, twenty pipe line companies (owned by their producing, refining and marketing brethren) reported to the Secretary of State a total net profit of more than \$78,000,000. One giant concern made more than \$13,000,000 net. Another more than \$11,000,000 net. Another more than \$10,000,000 net. Another more than \$8,000,000 net.

At present Texas collects an ad valorem tax against these pipe lines; and, in addition, an intangible assets tax and one-fifth of a franchise tax—an extremely limited sum.

As pointed out above, the net profit of twenty pipe line companies is more than \$78,000,000, an average of 25% profit in one year upon their investments. At the same time these companies all together pay the State the munificent sum of \$10,030.79 in one-fifth of a franchise tax. If they had paid the whole five-fifths, it would only have been a total of about \$55,000.

Later on in this message I shall point out the manner in which this one-fifth of a franchise tax was placed on the statute books. For the present, I recommend that a franchise tax of one per cent be levied against the gross assets of pipe line companies—both oil and gas—in Texas. Such a tax would yield to the State a million dollars annually on the assets of these twenty oil pipe line companies alone—only 1/78th of their combined net profits. Such a tax would, I think, be equitable in view of the tremendous net profits earned by these pipe line companies.

Franchise Tax

I now call your attention to existing evils in the franchise tax structure applicable to corporations doing

business in this State. The franchise tax report law requires much detailed information, difficult to compile; and in the cases of some small corporations, is such a costly procedure as to render careful reporting virtually impossible.

I recommend that more discretion be given the Secretary of State as to the data to be required in franchise tax reports. This administrative officer may from time to time make applicable such reports as may be best suited to the various types of corporations operating in Texas. Such discretion will solve an inequity from the standpoint of the small company, and, in addition, produce a greater amount of revenue for the State.

I further recommend that the Secretary of State, as the franchise tax collecting agency, be given full authority to make an independent examination of any corporate records to determine whether the report as made by the corporation clearly and accurately reflects the condition of the business upon which a tax is to be paid. To accomplish this, it may be necessary to provide the Secretary of State with some additional accountants, but by so doing thousands of dollars will be recovered in taxes already due and not paid, as well as greatly increasing the franchise tax collections in the State in the future.

I recommend the repeal of Article 7084-b of the franchise tax law. This article provides that any company subject to the intangible tax law shall be required to pay only one-fifth of the amount of franchise taxes paid by other corporations not included within the terms of the intangible tax law.

I call your attention to the fact that a franchise tax represents a tax enacted against the privilege of maintaining an artificial entity within the safeguards of constitutional rights given to natural persons. There is no reason why this privilege tax should be eliminated in favor of the companies paying the intangible assets tax when they are enjoying the same privilege and the same governmental protection accruing to those who are required to pay the franchise tax.

The intangible assets tax Act did not impose upon corporations subject to such law any new tax to which they were not already liable. Intangible

assets are taxable under the Constitution just the same as tangible property. As a practical matter, however, it was difficult for counties through which railroads or pipe line companies, for instance, might pass to make a fair levy upon intangible assets of such companies. It was for this reason the intangible assets tax law was passed.

Undoubtedly at the time of the passage of Article 7084-b (which provided that corporations subject to the intangible tax law should be required to pay only one-fifth of the amount of franchise taxes paid by other corporations) the argument was made that such corporations should only pay the one-fifth tax because it had been subjected to a new tax, to wit, the intangible tax. This argument and this reason were based upon a false promise because, as pointed out above, the intangible tax law did not levy a new tax, but only provided a method for ascertaining and levying a tax to which such corporations were already subject.

If the railroad companies of Texas had not been able to take advantage of this section they would have paid into the State \$207,568 in franchise taxes. Actually the railroads paid in franchise taxes \$41,641. The intangible valuation of railroads as certified by the State Tax Board as of January 1, 1934, was \$39,329,295, which at the State tax rate of 77 cents per 100, will yield an ad valorem tax of \$302,835. As a result of Article 7084-b of the franchise tax law, the State sustained a loss in franchise taxes on railroad companies in the amount of \$165,927. When this loss in franchise taxes is deducted from the amount collected in ad valorem taxes on intangible valuations, the net revenue to be collected by the State is only \$136,908.

Oil pipe line companies actually paid to the State only \$11,525, whereas if Article 7084-b had been repealed those same oil pipe line companies would have paid a franchise tax of \$49,088. Bridge companies paid in franchise taxes \$245, whereas if it had not been for Article 7084-b, bridge companies would have paid to the State \$1,064. The total loss, therefore, in franchise taxes to the State of Texas is equal to \$204,309 per year.

I recommend a law requiring all notes and bonds, regardless of their maturity dates, to be included in the

taxable capital of private corporations upon which a franchise tax must be paid, but such notes and bonds to be included, in computing the taxable capital, upon the basis of the average monthly balance. By this I mean that the notes, bonds and debentures outstanding at the end of each month should be ascertained, and the average amount so outstanding over a period of a year will be the average monthly balance. Under our present law a corporation can borrow on February 1 and use it ten months without paying a tax.

When the present franchise tax law was passed, it was feared that if notes and bonds of a maturity date of less than one year were included in the taxable capital, the courts would hold the law invalid on the ground that the franchise tax was payable on an annual basis. It is my opinion that by the use of the average monthly balance, this objection may be eliminated, and all notes and bonds could be included in computing the taxable capital. Numerous cases in the past reflect that corporations have converted notes of maturity dates longer than one year into notes with a maturity date of less than one year, or into demand notes, and in other cases have converted their long term bonds into non-taxable securities. In most instances these notes are payable to affiliated or holding companies. These manipulations are for the sole purpose of decreasing taxable capital of corporations, thereby reducing the franchise tax. I recommend, therefore, that you consider methods of making such tax evasions impossible.

Without making specific recommendations at this time, I want to call the attention of this Legislature to the question of shifting the basis of franchise taxes from the capital stock to the gross assets of incorporated companies. That is, I believe it might be a wise policy to calculate the amount of franchise taxes owned by a corporation in this State upon the basis of gross assets of the company within the State rather than upon capital stock which is subject to manipulation.

There are possibly other recommendations which should be made with reference to the existing franchise laws, but these recommendations I shall make from time to time by submitting bills to you for your consid-

eration, or by supplementing this present message.

Inheritance Tax

I also recommend for your consideration a substantial increase in the inheritance tax rate. There is little justification, whether of economic right or social policy, for permitting individuals to inherit enormous sums of money without substantially contributing to a government that has made possible the accumulation of such wealth, and which guarantees its continued existence and its passage to posterity. Particularly do I favor an increase of the inheritance tax in view of the fact that it, perhaps more than any other levy, exacts revenue from those able to pay.

Sales Tax

In fairness to the people I could not conclude any discussion of new revenue raising measures without reiterating my opposition to a general sales tax. This issue was fairly and squarely raised in the campaign for Governor, and the people have already voted upon it. Because of that issue, which was definitely settled in the campaign for the Democratic nomination for Governor, the party platform, to which we are pledged, clearly and unequivocally denounces the general sales tax.

In this message I have pointed out that, in my humble judgment, any tax measure should be based upon certain fundamentals—the extent of the services rendered to the government, and the ability of citizens to pay. A general sales tax includes neither of these principles. It has been adopted by a number of States merely because they found it an easy way to raise money in a time of economic distress.

Officials of those States which have passed a general sales tax of necessity become advocates of a similar measure in other States for the simple reason that their own State is experiencing one of the inequities necessarily flowing from a sales tax. A retail sales tax necessarily places a burden on those who do not live near the border of the State and upon those whose purchases are so small that they can not afford to employ interstate commerce to avoid tax responsibilities. To escape loss of revenues by interstate purchases, the of-

ficials of States which have adopted a general sales tax are advocating that other States pass similar measures.

Personally, I can not submit to the high pressure advertising of those States unfortunate enough to be laboring under the difficulties of the general sales tax. I can not submit to a tax that will be borne by people who, because of their geographical location, are not in a position to escape payment; or one which will penalize our home merchants and industries. I can not advocate a revenue raising law that offers an inducement to the rich to employ interstate commerce and which, at the same time, penalizes the small individual buyer.

In a bulletin published by the American Legislatures Association, analyzing the general sales tax, statistics are cited to show that under a two per cent general sales tax persons with an income of one thousand dollars, or less, will pay \$12.18 per thousand dollars of income; whereas, persons receiving more than a million dollars a year will pay only 20 cents per thousand dollars. Under a 3 per cent general sales tax incomes of one thousand dollars or less, will pay \$18.27 per thousand while those with incomes of more than a million dollars a year will pay only 30 cents per thousand.

These statistics do not reflect a theoretical tax structure, but show actual application of the general sales tax.

The suggestion has been made that the general sales tax be submitted as a proposed constitutional amendment to the people with the inducement that a portion of it be used for the purpose of retiring local bonded indebtedness. May I respectfully remind the Legislature that the people have already spoken on this issue. Further, that a general sales tax is a tax on poverty, irrespective of the purpose for which it is levied.

To illustrate: the chief proponents of a sales tax are the chief opponents of an income tax. They advocate a two per cent sales tax, which is nothing more than a two per cent income tax on the average man because he is compelled to spend all he makes for the necessities of life. As pointed out above, those with great incomes spend only a small part in such manner that it would be reached, their investments being chiefly made in stocks and securities beyond the boundaries of the

State from whence their profits flow.

I want it distinctly understood that I do not intend to criticize or question the motives of all who advocate a general sales tax. Many of them are patriotic citizens sincerely concerned with the welfare of their State. They have, however, perhaps unconsciously, become followers of the chief proponents of a general sales tax—the so-called American Taxpayers Association and other lobby organizations which Congressional records show have been financed by contributions from the utilities, the investment bankers, the Mellon interests, and others. These same advocates of a general sales tax would cry out "Injustice! Injustice!" if the Legislature proposed even a two per cent income tax so as to reach those who are really able to pay.

Selective Luxury Tax

As contrasted to the general sales tax, a selective luxury tax has been suggested. It is my belief that such a tax may help to fill the gap in our system of taxation and produce much needed revenue.

While a selective luxury tax is in effect a tax on a few retail sales, it is to be distinguished from the general sales tax in that it is essentially a tax on privilege and wealth. Like the income tax, it embraces that cardinal principle of ability to pay, and at the same time provides a wider spread. That is, people in all walks of life are liable to become subject to this levy, but only at their option.

The tax should not be levied upon any necessity—only upon non-essentials; and when one's purchases, by his own choosing, enter the realm of luxuries, he is thus evidencing the possession of a surplus amount of wealth over and above that necessary for the sustenance of life. It is but fitting, therefore, that he should contribute a small portion to the government that made possible the accumulation of this surplus, protected it after it was acquired, and rendered him safe in the enjoyment of these same luxuries.

The general sales tax, on the other hand, is a tax which, in its ultimate effect, operates principally on the necessities of life. It affords no option to the consumer, but must be paid if he would subsist. It follows that under such a tax a far greater

proportion of the small wage-earner's income is taken by the government than is exacted from those with greater incomes. Thus the tax bears heaviest on those who can least afford it. There is, however, some justification for the selective luxury tax.

Income Tax

I call to your attention a tax system I consider one of the fairest and most equitable levies that the State could make. I do this not in the spirit of advocating excessive new taxes, nor for the purpose of raising an excessive amount of revenue by the State, but only for your deliberate consideration and legislative action in the event you deem it necessary to secure additional revenue after passage of or failure to pass the other tax measures which have been recommended in this message.

The income tax has always received criticism for the reason that a great number of persons affected thereby are also owners of property subject to the ad valorem tax; and who are, consequently, called upon to pay an income tax after they have paid an ad valorem tax upon the property which was the source of their income. Further, an income tax has received criticism as an invasion by the State of a domain of taxation already preempted by the Federal Government.

If an income tax is enacted it should begin with comparatively low brackets bearing an extremely low rate, with a graduated rate upon each bracket of income in progression. I recommend that you consider as an ancillary provision in such an income tax a provision to the effect that the amount of the ad valorem tax paid by an individual owing an income tax shall be deducted from the amount of the income tax earned from the property on which the ad valorem tax was paid.

Let us suppose that an owner of an office building in Austin should have an annual income of \$50,000 from such building upon which an income tax of \$10,000 was payable. Let us assume that that individual has paid to the State in ad valorem taxes upon his building \$8,000. Let us assume that located in one room of that building is a stock broker whose annual income is likewise \$50,000, and who owns no tangible property other than his office furniture and home equipment. When called upon to discharge

their income tax burden, we should permit the owner of the building to deduct from the \$10,000 which he owes in income taxes, the \$8,000 which he has paid in the form of ad valorem taxes, but we should assess and collect against the stock broker 100% of the tax on this \$10,000 income because he has not in any other way discharged his responsibility to the government.

Objection may be raised to this method of taxation that there will come years when neither the stock broker nor the owner of a building will realize any income at all; the rents from the building will be negligible, and the profit on stocks and bonds will drop to nothing, yet the tax against the building will be still assessed and collected, while the broker will pay no tax at all.

The answer to such an objection is readily apparent. The owner of a building has a piece of property made valuable only because society, fostered by the government, has made his property valuable by the building of a city and the maintenance of a stable government to preserve his investment. He receives therefore, in terms of benefit, something which a stock broker, not owning property, does not receive. This tax, in my opinion, embraces both the principle of ability to pay and of the service rendered by the government. It blends the two principles into a coordinated policy that may well receive your consideration. Even though the Federal Government now exacts an income tax, there is no reason why the State of Texas should permit individuals with large incomes to escape payment of part of the financial responsibilities of the State in which the income was earned merely because the Federal Government has chosen to invade that field of revenue.

Property Classification Tax Amendment to the Constitution

The great burden of taxation weighing so heavily upon the people is not in fact due to State levies, but rather to combined local taxes, city, county, school, road district, etc. No real tax relief can come to the people without an intelligent solution of the problem of local taxation.

It is difficult for the Legislature to deal with this question because of the limited character of property subject to taxation for the upkeep of local governments. In other words, the

State has a broader base for properties subject to taxation than local communities. In addition, the great bulk of local taxes is due not alone to the actual operating expenses of local governments, but to various contractual obligations, such as bond issues floated in boom times, which now must be retired from taxes on properties greatly diminished in value. This Legislature should, however, make a careful study of the problems of local taxation and, if possible, begin the operation of a long range program to relieve taxpayers from these local burdens.

This can be inaugurated, as pointed out at the beginning of this message, by securing State revenues from other sources and relieving, to some extent, real estate, farms and homes from a portion of the State ad valorem taxes.

One of the primary causes of the inability of local government to give tax relief is the fact that only slightly more than 50% of the taxable property and wealth of Texas is on the tax rolls. Reliable surveys of estates under administration in various counties in Texas disclose that almost 50% of the properties under administration are intangible and that only 3% of these intangible properties appear on the tax rolls.

The Forty-third Legislature submitted to a vote of the people Senate Joint Resolution No. 16, which would have permitted classification of property by the Legislature for the purpose of levying low tax rates against a type of intangible property (such as notes, bonds, mortgages, etc.) not appearing on the tax rolls. It is a matter of common knowledge that this character of property has neither been rendered nor assessed because, it was argued, to tax intangible property at the same rate as other property would operate as a discrimination against investment securities.

This constructive constitutional amendment was defeated. Personally, I believe the people did not understand it and that it was misrepresented to them. For instance, the inane argument was made that the adoption of this amendment might operate to do away with the homestead exemption and exemptions in favor of religious and charitable institutions.

A new resolution, Senate Joint Resolution —, proposing another constitutional amendment, is now pending before the Legislature. It

is so clear in its terms that no such arguments can be made against it as were made before. In my judgment, it should be submitted to a vote of the people. If it carries, it will not only place property on the tax rolls for State taxation but for local as well; and it will enable the Legislature to place a fair rate upon intangible property, low enough not to encourage concealment and yet sufficient to result in substantial collections both for the State and local units of government.

In the meantime, however, I recommend that it be provided by law that no note, bond, mortgage, or other intangible security shall be collectible at law in this State unless it first be registered with the county clerk. Of course, only a nominal fee should be charged for this registration service, but the property will then be accessible to local authorities for assessment purposes.

The law now provides a penalty for failure to render property for taxation. I suggest that a statute be enacted requiring district judges at each term of the district court to charge the grand juries to investigate failures to properly render property for taxation.

If these steps are taken, in my judgment, those who conducted the organized fight against adoption of the classification tax amendment will then be ready to join hands with all of us in urging its passage in order that a fair rate may be levied against this character of property.

Tax Evasions

A problem of increasing magnitude in Texas is that of effectively stamping out tax evasions made possible by the technical construction of revenue raising laws or by the absence of any statute. Consideration of the innumerable leaks in present tax laws would unreasonably extend my recommendations to this legislative body. I do earnestly recommend that you consider the report made by the Senate tax program committee printed in the Senate Journal of February 21, 1935, wherein they have pointed out simple remedies that will in many instances greatly increase the revenue of the State.

For example, I call your attention to Article 7070, of the Revised Civil Statutes, purporting to tax gross receipts of telephone companies. This article provides for the filing of re-

ports "showing the gross amounts received from all business within this state * * * in the payment of charges for the use of its line or lines, telephone or telephones, and from the lease or use of any wires or equipment." A casual reading of the article would lead one to believe that the gross receipts tax is levied upon all the receipts of such companies. Indeed, I have no doubt that the Legislature at the time of the passage of this article intended to levy such a tax on all the gross receipts. Actually, however, the receipts to be taxed are limited to "charges for the use of its line or lines, telephone or telephones, and from the lease or use of any wires or equipment."

The Comptroller has discovered that the operators of these telephone utility companies secure large returns from various other sources than those enumerated in the statute. The Attorney General correctly held, however, that these additional sources of revenue, such as advertising in telephone directories, are not subject to the gross receipts tax.

I recommend that Article 7070 be amended so as to levy a gross receipts tax on revenues from all sources and from uncollected accounts. Under the present law, no such tax can be collected.

I call your attention to Article 7343, and suggest that you clarify the lien given to independent school districts to secure their taxes. Further, that you consider the creation of a tax lien that will follow oil after it has been removed from the earth in order to secure the ad valorem tax due by mineral estates.

We must not be unmindful of the fact that one of the primary difficulties with the existing system of taxation is the fact that under present administration, less than half of the actual taxable property is actually being placed upon the assessment rolls, resulting, therefore, in necessarily increased burdens on property submitted for taxation. It is my purpose in calling your attention to the existing tax leaks, to solve, at least in part, the problem of tax inequities by making actually uniform system of practical assessment and collection, made theoretically uniform by that provision of the Constitution requiring that all taxation in this State be equal and uniform.

Tax Delinquencies

Turning now to the subject of delinquent taxes, I call your attention to a problem I believe to be fundamental. The working out of any tax to a large extent depends on the certainty of payment. It is bad policy, whether a tax be wise or unwise, just or unjust, to encourage a system of laxity and evasion by permitting taxes to remain delinquent over a long period of years and by deferring enforcement of those taxes until after huge sums have accumulated against the property. In order to enforce the collection of taxes there was originally designed a delinquent tax law providing for the institution of delinquent tax suits by county officials and for the sale of property at sheriffs' sales after judgment had been rendered, with the right of redemption remaining in the taxpayer for a period of time.

We are all familiar with the political aspects resulting from placing this responsibility in the hands of county officials. Without any unjust criticisms, but stating an obvious fact, we have come to realize that tax collectors are actually tax receivers. The number of suits instituted for collection of delinquent taxes, and the number of judgments secured are almost negligible. As a result, huge sums of money are now due the State in delinquent taxes, with little or no effort being made to secure their payment.

It is my recommendation that there be placed in the State Tax Commissioner some elements of control over all local tax assessing and collecting agencies in the State of Texas. I recommend a law providing that tax collectors and assessors shall be required to make a quarterly report to the State Tax Commissioner in such manner as he may provide, reflecting the efforts made by all county officials to actually collect taxes that have become delinquent and to secure full renditions; and at any time that such local authorities should not discharge the responsibilities incumbent upon them in this regard, the Tax Commissioner should be authorized to certify that fact to the Comptroller of Public Accounts, who will, from that date suspend all payments to such county officials who have been negligent or willful in the failure to dis-

charge their responsibilities. I make this proposal, not because of lack of confidence in local officials, but in the realization that it is necessary to remove in part the source of actual responsibility from the county to the State in order to insure the certainty of tax collections.

Under such a system, if a tax is thought to be unfair, such unfairness can best be realized by strict enforcement. It is no excuse for refusal or failure to collect taxes to say that the levy is unfair or unjust. If such inequity does exist, it should be specifically attended to by the Legislature, but actual collection and certainty of enforcement of existing tax measures should be placed beyond the realm of doubt by this Legislature.

Tax Assessments

In connection with this, I also recommend that the State Tax Commissioner be given a staff of six employees, qualified as experts in evaluation and taxation matters, to assist the commissioners courts of various counties, sitting as boards of equalization, in arriving at the value of oil, gas, sulphur and other mineral interests of the State, as well as the properties of public utilities and similarly organized private corporations. The major oil companies, the sulphur companies, and all private utilities maintain continuous tax departments manned with experts who are constantly gathering material to attack the judgment of boards of equalization, composed usually of farmers, ranchers, and small merchants who are at the mercy of the better qualified tax experts.

I do not mean that the State should send an expert into every county; I do mean that certain counties within this State where mineral interests are located, and where large utility concerns have huge holdings, should be given the advice and aid of experts who are capable of coping with those employed by private concerns. Such assistance would not be unduly costly, and would result in a tremendous increase in mineral and utility property valuations, substantially increasing revenue, State and county.

Other problems dealing with tax assessments should receive attention by this Legislature. I shall from time to time direct your attention specifically to these problems within the next few days.

Tax Administration

Any survey of the financial situation of the State of Texas would be incomplete without surveying the mechanical arrangements set up by existing statutes for collecting and disbursing the State's tax money. In this connection let me respectfully call to your attention a statement appearing in the report of the Joint Legislative Committee on Organization and Economy, made to the Forty-third Legislature in 1933, which said: "There has probably been less progress in financial administration than in the administration of any other function of the government."

At the present time there are innumerable tax collectors who share responsibility in collecting State taxes. In the first place, each of the 254 county tax assessors and collectors acts entirely independently of other collectors of ad valorem taxes on both real and personal property. The Comptroller of Public Accounts, an officer whose name would indicate functions of current auditing and accounting control, now collects the bulk of the State taxes other than those collected by local tax collectors. In addition, the State Treasurer participates in the collection of State taxes, as does the Secretary of State, the Insurance Department, and other agencies of the State Government.

In order to have effective tax administration, it is the responsibility of government that the collecting authority be fixed and centralized under a single responsible administrative head. We must not be unmindful that the State proposes to collect its revenue by a system or plan of taxation. In such a system, each individual tax represents a part—not an entity—separated or differentiated from all other taxes. Each tax should so balance with every other tax that it becomes an integral part of a well conceived tax plan. It can only lead to inequity and unfairness to tear from a unified tax system a single tax and administer it separately from other taxes, without thought as to how it may fit into a unified financial program.

Further, the administration of any tax is a technical and difficult task, requiring continuous study, supervision and specialized training to penetrate ever increasing complex business structures. In this connection the collection of taxes should not

be confused with the regulation of public business. The regulation of a corporation in no way requires as an ancillary weapon the administration of a corporate tax; the regulation of insurance companies does not require that the same administrative head levy and collect insurance taxes. To one field of the government properly belongs the duty of regulation, and to an entirely different field belongs the function of tax administration.

I therefore recommend for your consideration the ultimate unification and centralization of State tax administration in Texas under a single administrative head. Such a result may not be possible or expedient at this Session of the Legislature, but the policy of such centralization should be definitely begun.

Budgetary Control

Once taxes have been collected by the State and become a part either of the General Revenue Fund or of some special fund of the State Government, the State must then solve a problem of sensible spending as well as sensible collection. To that end I direct your attention to the budgetary control existing as a part of the State Government.

The Board of Control is now charged with the responsibility of preparing for each biennium a budget for consideration by the Governor and the Legislature. The Board of Control is already an overburdened agency of the State Government, being required to administer, among other heavy duties, the State's eleemosynary institutions; and now constituting the State Relief Board. It is impossible for the Board of Control to prepare effectively a budget for the entire State Government with sufficient financial data on the work of all State agencies. It is impossible for the Governor to consider properly a budget so prepared within the short time permitted after the recommendations of the Board of Control.

I therefore recommend a more effective budgetary control on a plan substantially similar to that employed by the Federal Government and by a few of our sister States. With increasing demands constantly being made upon our State Government, it is essential that we now face the problem of financial planning for the future.

Effective budgetary procedure in-

volves certain definite stages: first, the formulation of the budget, including the preparation of estimates and the formulation of a financial plan. The second stage, the authorization of the budget, is the responsibility of the Legislature. The third stage, the execution of the budget, is a further responsibility of the Executive Department. The last stage, accountability to the Legislature for the budget as executed, should be the responsibility of an agency independent of the Executive Department and responsible to the Legislature.

Under the National Budget and Accounting Act of 1921, and in a few State governments, a definite distinction among these essential budgetary stages has been drawn. The National Act places the responsibility for the formulation of the budget in the hands of a budget bureau under a director appointed by and at all times responsible to the President. This bureau has the power to gather, correlate and revise all financial data given by the various spending agencies. It has the power to investigate and study continuously the financial needs of every governmental agency to the end that a careful financial plan may be developed. Once the budget has been authorized by Congress this bureau has the power to require the spending agencies to furnish financial information, such as work reports and plans, which allows the budget bureau to possess continuous information as to the financial requirements of the government.

In addition the National Budget and Accounting Act established an agency, the General Accounting Office, independent of the executive department and responsible primarily to Congress for a careful audit of all administrative financial transactions. It may be seen from this survey of the financial system established by Congress that definite steps were taken to put into operation effective budgetary control. The results have been most beneficial, especially during the past few years when financial demands upon the National Government have been tremendous and far-reaching.

We are faced today in Texas with increasing demands for the extension of governmental functions such as the establishment of a system of old age pensions, the care of crippled and de-

pendent children, and other matters envisaged in the Economic Security Act recently introduced in Congress. A careful study of that Act will show that it will require State financial participation in order to receive funds for each activity contemplated therein from the National Government. It behooves us in Texas, then, to consider carefully our present system of financial and budgetary control and to remedy all defects that may appear in this system. We have great need in this State for the collection of proper financial data and the establishment of effective financial machinery for the utilization of this data.

I earnestly solicit your co-operation and ask your very careful consideration of any changes that will allow our State Government to adopt an effective financial plan, not for this year alone, but for years to come. I believe that a plan based upon the principles followed by Congress in enacting the Budget and Accounting Act of 1921 would produce results of tremendous significance to the State Government of Texas. Such a plan would produce practical information which might be used by the Governor in planning intelligently the expenditures of the State for each biennium, and which might likewise be used by the Legislature in arriving at intelligent conclusions as to the financial requirements of the State for the biennium during which they propose to raise revenue. Effective financial control is essential to efficiency and economy in State administration.

Conclusion

We are now entering upon the eighth week of our services with the Forty-fourth Legislature. The Session is almost half over. Big work lies ahead for all of us. I trust that the patriotic ardor in our hearts at the beginning of this Session will continue unabated. I pledge myself to work with you, my friends of the Forty-fourth Legislature, fervently, sincerely, and diligently for the welfare of our beloved Lone Star State.

Respectfully submitted,

JAMES V. ALLRED,

Governor of Texas.

SENATE RETIRES

(At the conclusion of the address, the Senate retired to its Chamber.)

RELATIVE TO HOUSE BILL NO. 416

Mr. Duvall offered the following resolution:

H. C. R. No. 47, Relative to House Bill No. 416.

Whereas, House Bill No. 416 passed both houses of the Legislature at the Regular Session of the Forty-fourth Legislature, but failed to receive sufficient votes in the House to put same into immediate effect; and

Whereas, By the terms of said Act a road law is set up for Tarrant County, Texas; and

Whereas, It is of vital importance to the people of Tarrant County that this law be made operative immediately; and

Whereas, Under the present Tarrant County Road Law the county is being retarded in its progress in the development of its lateral road system; and

Whereas, Section 39, of Article III, of the Constitution of the State of Texas provides that laws passed by the Legislature shall take effect and go into force ninety (90) days after the adjournment of the session at which they are enacted, unless in case of an emergency, which emergency must be expressed in a preamble or in the body of the Act, the Legislature shall, by a vote of two-thirds of all the members elected to each house otherwise direct; and

Whereas, The emergency is a part of, and expressed in the body of, said House Bill No. 416; now, therefore, be it

Resolved, That the Legislature, by an affirmative vote of two-thirds of all the members elected to each house, hereby directs that said House Bill No. 416 be in full force and effect from and after the passage of this resolution; the votes thereon to be taken by yeas and nays and entered upon the Journals of the respective Houses; the purpose of this resolution being to put said House Bill No. 416 into immediate effect without waiting for the expiration of the ninety (90) day period immediately following the adjournment of the Regular Session of the Forty-fourth Legislature; and be it further

Resolved by the Legislature of the State of Texas, That said House Bill No. 416, including this resolution, is an emergency measure, and such emergency is hereby declared for the

reasons herein and in said House Bill No. 416 stated; and on account of such emergency an imperative public necessity demands that the constitutional rule, requiring all bills to be read on three several days in each house, be suspended, and said Rule is hereby suspended, and said House Bill No. 416 and this resolution shall be in force and take effect from and after the passage hereof, and it is so enacted.

Signed—Duvall, Calvert, Frazer, Petsch, Settle, James, Newton, Hunter, Russell, Beck, Morse, Fuchs, Davis, Hofheinz, Nicholson, Tarwater, Lucas, Crossley, Luker, Jackson, Canon, Hodges, Knetsch, Davison of Fisher, Ford, Jones of Shelby, Roark, Bergman, Padgett, Hankamer, Shofner, Jones of Wise, Reed of Dallas, McKee, Tennyson, Broyles, Roach of Angelina.

The resolution was read second time.

Mr. Farmer moved that the resolution be referred to the Committee on Judiciary.

Question recurring on the motion to refer the resolution, yeas and nays were demanded.

The motion was lost by the following vote:

Yeas—29

Adkins	Lotief
Bradbury	McConnell
Burton	Moffett
Craddock	Morris
Dickison	Morrison
Fain	Palmer
Farmer	Payne
Fitzwater	Roach of Hunt
Fuchs	Stovall
Glass	Tarwater
Greathouse	Tillery
Hardin	Westfall
Huddleston	Wood of Harrison
Hunt	Youngblood
Jones of Runnels	

Nays—80

Adamson	Cooper
Aikin	Cowley
Alexander	Crossley
Atchison	Daniel
Bergman	Davis
Bradford	Davison
Butler of Karnes	of Eastland
Calvert	Dunagan
Clayton	Duvall
Collins	Dwyer
Colquitt	England
Colson	Fisher

Frazer	Morse
Gibson	Newton
Good	Nicholson
Graves	Olsen
Hankamer	Padgett
Harris of Dallas	Petsch
Hartzog	Reed of Bowie
Hill	Reed of Dallas
Hofheinz	Riddle
Holland	Roach of Angelina
Hoskins	Roark
Howard	Roberts
Hunter	Rogers
Hyder	Russell
Jackson	Rutta
James	Scarborough
Jones of Wise	Settle
King	Shofner
Lanning	Smith
Latham	Spears
Leath	Stanfield
Lemens	Stinson
Lucas	Tennyson
Luker	Thornton
Mauritz	Waggoner
McCalla	Walker
McFarland	Wells
McKee	Young
McKinney	

Present—Not Voting

Bourne	Jefferson
Broyles	Lindsey
Harris of Archer	Venable
Head	Wood of Montague

Absent

Alsup	Hodges
Ash	Jones of Falls
Cagle	Jones of Shelby
Caldwell	Lange
Celaya	Leonard
Dunlap of Hays	Moore
Dunlap of Kleberg	Patterson
Ford	Pope
Fox	Reader
Gray	Roane
Herzik	Steward

Absent—Excused

Beck	Keefe
Butler of Brazos	Knetsch
Canon	Quinn
Davison of Fisher	Worley
Jones of Atascosa	

Question recurring on the resolution, yeas and nays were demanded.

The resolution was adopted by the following vote:

Yeas—94

Adamson	Alsup
Aikin	Atchison
Alexander	Bergman

Bourne	King
Bradford	Lange
Broyles	Latham
Burton	Leath
Butler of Karnes	Lemens
Cagle	Luker
Calvert	McCalla
Clayton	McFarland
Collins	McKee
Colquitt	McKinney
Colson	Morrison
Cooper	Morse
Cowley	Newton
Crossley	Nicholson
Daniel	Olsen
Davis	Padgett
Dickison	Payne
Dunagan	Petsch
Duvall	Reader
Dwyer	Reed of Bowie
England	Reed of Dallas
Fisher	Roane
Frazer	Roark
Fuchs	Roberts
Gibson	Rogers
Good	Russell
Graves	Rutta
Gray	Scarborough
Hankamer	Settle
Harris of Archer	Shofner
Harris of Dallas	Smith
Hartzog	Spears
Hill	Stanfield
Hofheinz	Steward
Holland	Stinson
Hoskins	Tennyson
Howard	Thornton
Hunter	Tillery
Hyder	Waggoner
Jackson	Walker
James	Wells
Jefferson	Wood of Harrison
Jones of Runnels	Young
Jones of Wise	Youngblood

Nays—21

Adkins	Hardin
Bradbury	Huddleston
Craddock	Hunt
Davison	Lanning
of Eastland	McConnell
Fain	Moffett
Farmer	Moore
Fitzwater	Morris
Fox	Palmer
Glass	Roach of Hunt
Greathouse	Stovall

Present—Not Voting

Head	Tarwater
Hodges	Venable
Lindsey	Westfall
Lotief	Wood of Montague

Absent

Ash	Celaya
Caldwell	Dunlap of Hays

Dunlap of Kleberg	Lucas
Ford	Mauritz
Herzik	Patterson
Jones of Falls	Pope
Jones of Shelby	Riddle
Leonard	Roach of Angelina

Absent—Excused

Beck	Keefe
Butler of Brazos	Knetsch
Canon	Quinn
Davison of Fisher	Worley
Jones of Atascosa	

RECESS

Mr. Hyder moved that the House recess to 2 o'clock p. m., today.

Mr. Hankamer moved that the House recess to 10 o'clock a. m., tomorrow.

Mr. Morrison moved that the House adjourn until 10 o'clock a. m., tomorrow.

Question first recurring on the motion by Mr. Morrison, it was lost.

Question next recurring on the motion by Mr. Hyder, that the House recess to 2 o'clock p. m., today, yeas and nays were demanded.

The motion was lost by the following vote:

Yeas—43

Adamson	Latham
Alexander	Lindsey
Alsup	Lucas
Celaya	McCalla
Cooper	Moffett
Davis	Morris
Dunagan	Morrison
England	Palmer
Fain	Pope
Fisher	Reed of Bowie
Fuchs	Reed of Dallas
Glass	Roach of Hunt
Greathouse	Roark
Hardin	Rutta
Harris of Dallas	Settle
Hodges	Stanfield
Hofheinz	Tennyson
Hunt	Waggoner
Hunter	Wells
Hyder	Westfall
Jones of Wise	Wood of Harrison
Lanning	

Nays—78

Adkins	Broyles
Aikin	Burton
Atchison	Butler of Karnes
Bergman	Calvert
Bourne	Clayton
Bradbury	Collins
Bradford	Colquitt

Colson	Lemens
Cowley	Leonard
Craddock	Lotief
Crossley	Mauritz
Daniel	McConnell
Davisson	McFarland
of Eastland	Moore
Dickison	Morse
Duvall	Newton
Dwyer	Nicholson
Farmer	Olsen
Fitzwater	Padgett
Fox	Payne
Frazer	Petsch
Gibson	Roach of Angelina
Good	Roane
Graves	Rogers
Gray	Russell
Hankamer	Scarborough
Harris of Archer	Shofner
Hartzog	Smith
Head	Spears
Herzik	Stinson
Hill	Stovall
Howard	Tarwater
Huddleston	Thornton
Jackson	Tillery
James	Venable
Jefferson	Walker
Jones of Runnels	Wood of Montague
King	Young
Lange	Youngblood
Leath	

Present—Not Voting

Hoskins

Absent

Ash	Jones of Shelby
Cagle	Luker
Caldwell	McKee
Dunlap of Hays	Patterson
Dunlap of Kleberg	Reader
Ford	Riddle
Holland	Roberts
Jones of Falls	Steward

Absent—Excused

Beck	Keefe
Butler of Brazos	Knetsch
Canon	McKinney
Davison of Fisher	Quinn
Jones of Atascosa	Worley

Question next recurring on the motion by Mr. Hankamer, it prevailed, and the House, accordingly, at 12:10 o'clock p. m., took recess to 10 o'clock a. m., tomorrow.

APPENDIX

STANDING COMMITTEE REPORTS

The following committees have filed favorable reports on bills, as follows:

Criminal Jurisprudence: House Bills Nos. 680 and 708.

Judiciary: House Bills Nos. 589 and 628.

The following committee filed an adverse report on bill, as follows:

Judiciary: House Bill No. 605.

REPORTS OF THE COMMITTEE ON ENROLLED BILLS

Committee Room,

Austin, Texas, March 4, 1935.

Hon. Coke Stevenson, Speaker of the House of Representatives.

Sir: Your Committee on Enrolled Bills, to whom was referred

H. B. No. 135, "An Act re-enacting Section 1 of Senate Bill No. 561, passed at the Regular Session of the Forty-third Legislature of the State of Texas, known as Chapter 160, pages 406 to 407, which provides all evidences of indebtedness issued or to be issued by any agency now created or to hereafter be created by an Act or Acts of Congress of the United States in connection with legislation for the relief of owners of mortgaged or encumbered real estate, shall be lawful investments for all fiduciary and trust funds, and may be accepted as security for all public deposits where deposits of bonds or mortgages are authorized by law to be accepted; declaring such evidences of indebtedness to be lawful investments for all funds which may be lawfully invested by guardians, administrators, trustees and receivers, for building and loan associations, savings departments of State banks, for banks, savings banks and trust companies chartered under the laws of Texas; for all insurance companies chartered or transacting business under the laws of Texas, where investments are required or permitted, and providing that where such evidences of indebtedness are secured, in whole or in part, by mortgage, deed of trust or other valid lien upon real estate situated in this State, or where the same may have been acquired, directly or indirectly, in exchange for, or substitution of notes, mortgages, deeds of trust, or other valid liens upon real estate in this State, then such evidences of indebtedness, shall be regarded, for investment purposes by insurance companies, as Texas securities; and amending said Section 1, of Senate Bill No. 561, Chapter 160 of the laws passed at the Regular Session of the Forty-third Legislature,

by adding thereto a new Section to be known as Section 1a, authorizing building and loan associations that may now or hereafter own bonds or securities mentioned in said Act to exchange same with their shareholders for their stock in the association upon terms and conditions agreed upon with each shareholder and the directors of the association and under the supervision of the Banking Commissioner after notice has been given to all shareholders; providing that after notice has been given such bonds shall be ratably apportioned to each shareholder as his interest appears on the books of such association; allowing shareholders thirty (30) days in which to notify the association of his desire to make such exchange; providing no exchange shall be made until the terms, and price of stocks and bonds shall have been published and notice setting out the terms of exchange shall have been mailed to each stockholder, and declaring an emergency."

Has carefully compared same, and finds it correctly enrolled.

ATCHISON, Chairman.

Committee Room,

Austin, Texas, March 4, 1935.

Hon. Coke Stevenson, Speaker of the House of Representatives.

Sir: Your Committee on Enrolled Bills, to whom was referred

H. C. R. No. 42, Providing for a Joint Session of the House and Senate at 11 o'clock a. m., Saturday, March 2, to celebrate Texas Independence Day,

Has carefully compared same, and finds it correctly enrolled.

ATCHISON, Chairman.

Committee Room,

Austin, Texas, March 4, 1935.

Hon. Coke Stevenson, Speaker of the House of Representatives.

Sir: Your Committee on Enrolled Bills, to whom was referred

H. B. No. 403, "An Act amending Sections 10 and 11 of the Acts of 1931, Forty-second Legislature, First Called Session, pages 52 and 53, Chapter 26, relating to injunctions and/or restraining orders to be issued against the Railroad Commission of Texas; repealing all laws or parts of laws in conflict, and declaring an emergency,"

Has carefully compared same, and finds it correctly enrolled.

ATCHISON, Chairman.

Committee Room,
Austin, Texas, March 4, 1935.
Hon. Coke Stevenson, Speaker of the
House of Representatives.

Sir: Your Committee on Enrolled
Bills, to whom was referred

H. C. R. No. 45, Providing for a
Joint Session of the House and
Senate at 10:30 a. m., March 4, 1935,
for the purpose of hearing Governor
James V. Allred express his views on
the subject of taxation,

Has carefully compared same, and
finds it correctly enrolled.

ATCHISON, Chairman.

Committee Room,
Austin, Texas, March 4, 1935.
Hon. Coke Stevenson, Speaker of the
House of Representatives.

Sir: Your Committee on Enrolled
Bills, to whom was referred

H. C. R. No. 44, Providing that the
Joint Session of the House and Senate
as provided for in House Concurrent
Resolution No. 42 be held at 10:30
a. m., instead of 11 a. m.,

Has carefully compared same, and
finds it correctly enrolled.

ATCHISON, Chairman.

In Memory of

Mrs. Thomas Mitchell Campbell

Mr. Keefe offered the following resolution:

Whereas, On November 15, 1934, Mrs. Thomas Mitchell Campbell, First Lady of Texas from 1907 to 1911, while her illustrious husband served as Governor, passed from her high place on earth to her heavenly reward, and was laid to rest by his side in Palestine, Texas, where they lived most of their married life; and

Whereas, Mrs. Campbell, a daughter of the Old South, being born in the State of Mississippi, where she lived during her girlhood days, moved to Texas in 1878 as the bride of Thomas Mitchell Campbell, and through the years that she lived in her adopted State, brought cheer and happiness to those about her, and in return received the love and affection of the people of the State of Texas, and in her passing left a memory of her cultural and charming personality that will forever linger in the hearts of those that knew her. As the wife of Thomas Mitchell Campbell, she stood by his side through the years of his struggles as an attorney, a railroad executive, and as Governor of the State of Texas, sharing his misfortunes, his happiness and his honors with a grace and competency that added to the building of this illustrious Texan. She was a devout Christian and maintained always her interest in civic, social and religious affairs; and

Whereas, Mrs. Campbell is survived by her three daughters, Mrs. Drew S. Womack and Mrs. Clarence V. Dilley of Palestine, Texas, and Mrs. Rodrick Allen of Washington, D. C. Her son, Thomas Mitchell Campbell, Jr., now deceased, served this State with distinction as Fire Commissioner. Also surviving her is a sister, Mrs. George T. Reynolds of Dallas, and a number of grandchildren; therefore, be it

Resolved by the House of Representatives of Texas, That we extend our tenderest sympathy to all members of Mrs. Campbell's bereaved family; that the Chief Clerk of the House be instructed to send a copy of this resolution to her family, that a page of the House Journal be set aside for this resolution, and when the House adjourns today it shall be in memory of Mrs. Campbell.

KEEFE,
HOWARD,
DANIEL,
LEATH.

The resolution was read second time, and was unanimously adopted.

In Memory of

Judge Hugh Ballard Short

Mr. Jones of Shelby offered the following resolution:

Whereas, On the twenty-seventh day of September, 1934, Judge Short, formerly of Shelby County, and at the time of his death residing in Travis County, a distinguished lawyer, and for several years Presiding Judge of the Commission of Appeals of the Supreme Court, Section B, was called to his eternal reward; and

Whereas, He was the son of Captain D. M. Short, who served in the Eighth, Eleventh, and Thirteenth Legislatures of this State. His father, Captain D. M. Short, was a close personal friend of Sam Houston and James Pinkney Henderson, and at one time a law partner with Oran M. Roberts; and

Whereas, The members of this body are deeply grieved over the passing of this distinguished citizen and great judge of this State, and sympathize with his family and relatives; therefore, be it

Resolved by the House of Representatives of the Forty-fourth Legislature, That we extend our deep sympathy to his immediate family and relatives, and that a copy of this resolution be spread upon the Journal of the House, and a copy furnished the family of the deceased, and that when we adjourn today it be in his memory.

HUGH JONES.

The resolution was read second time, and was unanimously adopted.

THIRTY-THIRD DAY

(Continued)

(Tuesday, March 5, 1935)

The House met at 10 o'clock a. m., and was called to order by Speaker Stevenson.

ADDITIONAL SIGNER OF HOUSE BILL NO. 325

By unanimous consent of the House, Mr. Russell was authorized to sign House Bill No. 325.

HOUSE JOINT RESOLUTION NO. 5 ON SECOND READING

The Speaker laid before the House, as unfinished business,

H. J. R. No. 5, Proposing an amendment to Section 1a of Article VIII of the Constitution of the State of Texas, exempting three thousand dollars (\$3,000) of the assessed taxable value of all residence homesteads, as now defined by law, from all State, county, city, town, district, and other political subdivision purposes, etc.;

The resolution having heretofore been read second time, with the following amendment by Mr. Tennyson and others, pending:

Amend House Joint Resolution No. 5, page 1, line 32, by adding after the word "purposes" the following: "Provided, this shall not apply to taxes levied for school purposes in either common or independent districts."

TENNYSON,
BROYLES,
SHOFNER,
AIKIN.

Mr. Farmer offered the following substitute for the amendment by Mr. Tennyson:

Amend House Joint Resolution No. 5 by substituting for the Tennyson amendment, at the proper place in the resolution, these words:

"And the Legislature shall provide ample appropriations out of the taxes to be derived from the classification of all property provided for herein, for the proper support and maintenance of all those public schools in all counties hereafter which may at any time have insufficient funds for their proper support because of the adoption of Section 1a hereof."

Mr. Reed of Bowie moved to table the substitute amendment by Mr. Farmer.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

Yeas—112

Adamson	Hunter
Adkins	Hyder
Aikin	Jackson
Alexander	James
Alsup	Jones of Falls
Ash	Jones of Runnels
Atchison	Jones of Shelby
Beck	Jones of Wise
Bergman	King
Bourne	Lanning
Bradford	Lemens
Broyles	Luker
Burton	Mauritz
Butler of Brazos	McCalla
Butler of Karnes	McConnell
Cagle	McFarland
Caldwell	Moffett
Calvert	Moore
Celaya	Morse
Collins	Newton
Colquitt	Nicholson
Cooper	Olsen
Cowley	Padgett
Crossley	Patterson
Davis	Payne
Davison of Fisher	Petsch
Davisson	Pope
of Eastland	Quinn
Dickison	Reader
Dunagan	Reed of Bowie
Dunlap of Hays	Reed of Dallas
Duvall	Riddle
Dwyer	Roach of Angelina
England	Roach of Hunt
Fain	Roane
Fisher	Roark
Fitzwater	Roberts
Ford	Rutta
Fox	Scarborough
Frazer	Settle
Fuchs	Shofner
Gibson	Smith
Glass	Stanfield
Good	Steward
Graves	Stovall
Hankamer	Tarwater
Hardin	Tennyson
Harris of Archer	Thornton
Harris of Dallas	Tillery
Hartzog	Venable
Head	Waggoner
Herzik	Wells
Hodges	Westfall
Hofheinz	Wood of Harrison
Hoskins	Wood of Montague
Howard	Young
Hunt	